

VZCZCXRO1720
PP RUEHQU
DE RUEHPU #1598 2371933
ZNR UUUUU ZZH
P 251933Z AUG 06
FM AMEMBASSY PORT AU PRINCE
TO RUEHC/SECSTATE WASHDC PRIORITY 3906
INFO RUEHZH/HAITI COLLECTIVE PRIORITY
RUEHBR/AMEMBASSY BRASILIA PRIORITY 1199
RUEHSA/AMEMBASSY PRETORIA PRIORITY 1041
RUEHQU/AMCONSUL QUEBEC PRIORITY 0563
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

UNCLAS PORT AU PRINCE 001598

SIPDIS

SENSITIVE
SIPDIS

STATE FOR WHA/CAR
WHA/EPSC FOR FAITH CORNEILLE, ED MARTINEZ
EB/IFD
STATE PASS TO USAID FOR LAC/CAR
TREASURY FOR JEFFERY LEVINE
COMMERCE FOR SCOTT SMITH

E.O. 12958: N/A

TAGS: [ENRG](#) [EPEP](#) [ECON](#) [EAID](#) [HA](#)

SUBJECT: HAITI: PETROCARIBE UPDATE: RATIFICATION IN THE WORKS

REF: PAP 1377

¶1. This message is sensitive but unclassified: please protect accordingly.

¶2. (U) The PetroCaribe agreement is in parliament awaiting ratification. For several days, the parliamentarians have asked for more time to analyze the document before finalizing their report. By all accounts, the parliamentarians will ratify the agreement because of the seemingly huge benefit to Haiti. The delay in ratification underscores the lack of understanding about the PetroCaribe agreement, which post has experienced in many conversations with GOH officials regarding PetroCaribe. The decision on ratification is currently scheduled to take place on August 28.

¶3. (SBU) Meanwhile, Public Works Minister Frantz Verella confirmed the arrival of a Venezuelan shipment of 10,000 barrels of asphalt. The GOH is having the same problems with the asphalt that they had with first shipment of petroleum: they are not sure how to transport the asphalt to its final destination and have no place for its storage. A second petroleum shipment is not yet on the horizon, and presumably, the same problems of transportation, storage and distribution will persist. (Note: The GOH designated Haiti's national electricity company (Electricite d'Haiti -- EDH) as the state-owned oil company to meet PetroCaribe requirements, but asked Dynasa, the domestic fuel company, to manage and control the fuel on behalf of EDH. End note.) Per ref, in early August the GOH finally sold the first Venezuelan shipment of 100,000 barrels of fuel, which arrived May 14 for President Rene Preval's inauguration. The GOH sold half of the shipment to Dynasa and half to Total, the French fuel company with which the GOH has a close relationship. At least part of the shipment was initially intended as a donation to EDH. XXXXXXXXXXXX (please protect), an industry expert and employee of Dynasa, told Econoff August 25 that it is no surprise that the GOH sold the fuel instead of using it to power the electricity plants, which have not operated since mid-June due to a lack of funds to buy fuel.

¶4. (SBU) Comment: As post has stressed in past cables, according to GOH officials, PetroCaribe is simply too good an opportunity to miss. Though the GOH knows that implementation will be difficult due to the agreement's

stringent requirements, PetroCaribe provides easy access to extra cash. Local press reports have been almost silent until this week, when one radio station noted that since the initial shipment in May, the government has not publicly discussed the agreement. The same report also observed that many Caribbean countries have signed the agreement but have not received a drop of petroleum. End comment.

TIGHE

=====CABLE ENDS=====